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## BILL ANALYSIS



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House Bill 4924 (Substitute S-1 as reported)  
Sponsor: Representative Emily Dievendorf  
House Committee: Judiciary  
Senate Committee: Civil Rights, Judiciary, and Public Safety

**CONTENT**

The bill would add Chapter 34 (Partition of Heirs Property) to the Revised Judicature Act to do the following:

- Specify that Chapter 34 would govern actions to partition heirs property and specify how the property would have to be partitioned.
- Require a court to determine the fair-market value of a property subject to partition through an appraisal unless the value was agreed on by all cotenants or the court found an evidentiary value.
- Require the court to order an appraisal from a disinterested real estate appraiser to determine the fair market value of the property and require the appraiser to have a file verifying the appraisal with the court.
- Require the court to send notice of the appraisal to each party within 10 days of the appraisal.
- Prescribe the process to partition heirs property by sale and specify the provisions of the sale based on the number of cotenants electing to buy all the interests.
- Specify notification requirements to cotenants for a partition by sale.
- Prescribe the process to partition heirs property in kind if all the interests of the cotenants that requested a partition by sale were not purchased by other cotenants following a buyout.
- Prohibit a court from allowing a partition in kind that resulted in great prejudice to the cotenants as a group and specify the factors a court would have to consider to make that determination.
- Prescribe the process for a court to order an open market sale of heirs property.
- Prescribe the requirements of a real estate broker for the open market sale and specify that the broker would have to file a report with the court within seven days of receiving an offer to purchase the property.

MCL 600.3304 et al.

**BRIEF RATIONALE**

Inherited ownership of property supports an heir's wealth. Currently, if an individual dies without a legal will, the individual's property is passed to heirs as tenants in common. Some people have concern that a tenancy in common allows a single heir to force a partition in sale of the property. According to testimony, forced partition in sales have led in part to a decline in the small family farm industry because when a property owner dies without a legal will one heir can force a sale and other heirs may not have the means to purchase that portion or make other arrangements. Many low- or middle-income property owners do not have the resources for estate planning and legal counsel, and so it has been suggested to create a process for tenants in common to have input on the future of a property and potential sale of that property for maintenance of heirs' wealth.

Legislative Analyst: Eleni Lionas

## **FISCAL IMPACT**

The bill would likely create administrative costs for local courts related to additional hearing requests and notice requirements that courts must send out. Alternatively, the bill also could reduce costs for courts because it would provide a procedure to partition real property held by two or more tenants in common. In some cases, a statutory procedure could be more cost-effective than the existing language in Chapter 33 (Partition).

Date Completed: 6-24-24

Fiscal Analyst: Michael Siracuse

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